

Disposal of the Storm Damaged Property Guidance

Homeowner Opportunity Program (HOP)

The clear title of the storm damaged home will be transferred to the Subrecipient or the identified non-profit at closing of the new HOP home. The existing structure(s) on the property that is acquired must be demolished within 45 days. Demolition of the property may be performed with CDBG-DR funds.

The U.S. Department of Housing and Urban Development (HUD) suggests that the property have a deed restriction detailing the change in use requirements. If the property is in the flood plain it must have a deed restriction requiring the property to be green space or meet appropriate flood plain mitigation. The restriction must also cite the Federal Register (74 Fed. Reg. 7254, February 13, 2009) requirement that flood insurance must be maintained in perpetuity to remain eligible for any future federal funds in the event of another disaster.

There are three ways to dispose of the property.

1. **Keep:** The Subrecipient shall have right of first refusal on property disposition. Storm damaged properties acquired must meet a National Objective¹ (LMI individuals, lessens slum and blight, or meet an urgent need) for at least five years.

Necessary Documentation:

- Deed showing the Subrecipient as the new owner
- Settlement Statement (commonly known as the HUD-1)
- Documentation in the file stating how the Subrecipient will meet a National Objective for at least five years.

2. **Transfer:** The Subrecipient will transfer the title of the storm damage property to a nonprofit or Community Based Development Organization (CBDO). Transferred storm damaged properties must meet a National Objective for at least five years.

Necessary Documentation:

- Deed showing the non-profit or CBDO as the new owner
- Land Use Restriction Agreement (LURA) or Deed Restriction
- Settlement Statement (commonly known as the HUD-1)
- A contract or memorandum of understanding (MOU) between the Subrecipient and the non-profit or CBDO in the file stating how the non-profit or CBDO will meet a National Objective for five years.
- The Subrecipient will maintain a monitoring plan for the transferred properties

3. **Sell:** Sell the vacated property within 120 days at fair market value. The proceeds of the sale will adhere to the GLO's program income guidance. If the Subrecipient has eminent

¹http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/communitydevelopment/library/stateguide

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domain power, an appraisal is required to determine the initial fair market value. If the storm damaged property is not sold within 120 days, the property must remain with the Subrecipient.

If the Subrecipient moves to sell the vacated property, the Subrecipient may follow a Real Estate process of their choosing, e.g. list on MLS, auction, or publication through a local newspaper.

Necessary Documentation:

- Appraisal of the vacant lot
- Settlement Statement (commonly known as the HUD-1)
- Deed showing the Subrecipient sold the property and the new owner's name
- Land Use Restriction Agreement (LURA) or Deed Restriction, if the property is located in the flood plain

If there are any questions regarding this policy, please contact your Grant Manager.